

EXHIBIT E

ADDITIONAL TERMS AND CONDITIONS

1. TERMINATION

a. TERMINATION - DIRECTOR

The Director of the Department of Health Services (DHS) may terminate this contract in whole, or in part, at any time, by giving written notice to the Contractor. Notification shall be given at least 30 calendar days prior to the effective date of termination. Notification shall state the effective date of, and the reason for, the termination. In addition to other grounds for termination, failure to comply with applicable laws, regulations, and any of the terms of this contract shall constitute cause for termination. Should the State terminate the performance of work under this contract, payment will be made in accordance with the Payment Provisions of Exhibit B.

b. TERMINATION FOR CONVENIENCE

The State may terminate this contract in whole or in part, for any reason the State determines that such termination is in the State's interest.

The Contracting Officer will terminate by delivering to the Contractor a 30-day Notice of Termination specifying the termination effective date and reason(s) for termination.

After termination for convenience, the Contractor shall be paid in accordance with the Payment Provisions of Exhibit B.

c. TERMINATION OF OBLIGATIONS

All obligations to perform services under this contract shall automatically terminate on the effective date of the termination of this contract.

In the event of termination pursuant to this Section, the State reserves the right to reassign Medi-Cal Other Health Coverage Identification and Recovery (OHCIR) project workload from the terminated Contractor to another Contractor.

d. TERMINATION OF CONTRACT AND WORKLOAD TRANSFER

Upon termination of this contract, the State will notify appropriate entities of the transfer of OHCIR project workload to the State or to another Contractor.

- 1) Prior to termination or expiration of the contract and upon written request by the State, the Contractor shall assist the State in the orderly transfer of Medi-Cal/OHCIR project workload. In doing so, the Contractor shall make available to the State, in a State-approved format, copies of files, claim detail reports, and any other pertinent information, including information maintained by any subcontractors or sub-subcontractors (if applicable), necessary for efficient identification and recovery, as determined by the State (see Exhibit A, Scope of Work). Costs of reproduction shall be borne by the Contractor.

- 2) Should the contract be terminated prior to expiration, the State may reprocure or enter into negotiations with the next responsible and available Contractor obtaining the next highest score.

2. DAMAGES

a. ACTUAL DAMAGES

The contract award is based, in large part, on the Contractor's projected recovery amount to the State. Annually, the State may, at its discretion, impose actual damages should the Contractor not meet or exceed the projected recoveries as proposed in the cost proposal. Actual damages shall be calculated as the difference between the Contractor's projected recovery amount and the actual recovery amount.

b. LIQUIDATED DAMAGES

For all other unmet contract requirements not covered under Section 2a, Actual Damages, above, it is agreed by the State and the Contractor that:

- 1) If the Contractor does not provide or perform the requirements referred to or listed in this provision, damage to the State will result.
- 2) Proving such damages will be costly, difficult, and time-consuming.
- 3) Should the State choose to impose liquidated damages, the Contractor will pay the State those damages for not providing or performing the specified requirements.
- 4) Additional damages may occur when the Contractor does not provide or perform the RFP and contract requirements.
- 5) The damage figures listed below represent a good faith effort to quantify the range of harm that could reasonably be anticipated at the time of the making of the contract.
- 6) The State and the Contractor recognize that it is the policy of the California Legislature to encourage the use of liquidated damages provisions in State contracts, as shown by Civil Code section 1671 (b), Public Contract Code Section 10226, and 13 California Law Revision Commission Reports 1740 and 1741;
- 7) The State may, at its discretion, offset liquidated damages from payments owed the Contractor.
- 8) The maximum amount of liquidated damages payable by the Contractor over any 12-month period is \$150,000, and,
- 9) In the event the Contractor's failures result from a single failure, which is subject to liquidated damages, the State will be entitled to assess the highest single liquidated damage penalty only. There will be no concurrent assessments of liquidated damages for cascading failures, which result from a single failure.

Nothing in this provision shall be construed as relieving the Contractor from performing any other contract duty not listed herein, nor is the State's right to enforce or to seek other remedies for failure to perform any other contract duty hereby diminished.

c. INTEREST ON PENDING LIQUIDATED DAMAGES

Once the State has determined that liquidated damages are to be assessed, the State shall notify the Contractor in writing of the reason for and amount of the assessment(s). The assessment notice shall be sent to the Contractor by certified mail, return receipt requested, or by any other method which provides evidence of receipt. At the State's discretion, the assessment notice may direct payment of the assessment by the Contractor. If payment is thus directed, the Contractor shall pay the assessment within 30 calendar days of receipt of the assessment notice.

Any liquidated damages assessment may also be collected, at the State's discretion, by offsetting the funds from payment(s) due the Contractor after the date of assessment.

If it should later be determined in the dispute process that funds collected by the State to pay a liquidated damages assessment should be refunded, the State shall pay interest accruing from the date of offset or collection. The interest rate paid shall be the average rate for investment in the Pooled Money Investment Fund (PMIF) in effect for the month in which the assessment was offset or otherwise collected. When a liquidated damages assessment is offset or otherwise collected over a period of two or more months, the interest rate paid by the State shall be the average rate for investment in the PMIF in effect for the first month in which the assessment was offset or otherwise collected, revised quarterly for the period of time the assessment was retained by the State.

The Contractor shall pay interest to the State on all liquidated damages assessments which are not either paid or offset against payment due the Contractor within 30 calendar days of the date of receipt of the assessment notice. The interest rate paid shall be the average rate for investment in the PMIF in effect for the month of assessment. If the Contractor's continuing liability for one particular liquidated damages assessment extends over a period of two or more months, the interest rate shall be the average for investment in the PMIF for the first month in which liquidated damages were assessed, revised quarterly over the period the assessment remained uncollected.

Interest shall accrue during all periods of time in which the liquidated damages assessment is unpaid or otherwise uncollected. For instance, interest accrues during periods in which collection of the assessment has been suspended, pending the outcome of the dispute or appeal.

If a reduction in the total amount of liquidated damages is determined, the interest may be prorated.

d. CONDITIONS FOR TERMINATION OF LIQUIDATED DAMAGES

Except as waived by the State, no liquidated damages imposed on the Contractor shall be terminated or suspended until the Contractor issues a written notice of correction to the State certifying the correction of condition(s) for which liquidated damages were

imposed and until all Contractor corrections have been verified. Liquidated damages will cease on the day of the Contractor's certification only if verification establishes that, indeed, the correction has been made in the manner and at the time certified to by the Contractor.

e. SEVERABILITY OF INDIVIDUAL LIQUIDATED DAMAGES CLAUSES

If any portion of these liquidated damages provisions is determined to be unenforceable, the other portions of this provision shall remain in full force and effect.

3. INSURANCE AND BONDING

This Section of the Contract sets forth the requirements for insurance and fidelity bonding under the contract.

As used in this Section, a third party carrier means an insurance and/or bonding company licensed to provide the required lines of insurance in the State of California and in the amounts required by this contract.

No policy of insurance or bond provided or maintained under this Section shall provide for an exclusion for the acts of the Contractor's officers.

a. INSURANCE

- 1) Evidence of the insurance coverage required by paragraph (3) below must be submitted to the Contracting Officer within five calendar days after contract effective date.
- 2) If the required insurance is not to be provided by a third party carrier, the State must approve, in writing, any proposed alternative coverage prior to its use under this contract. Any request to use coverage other than standard insurance from a third party carrier must be submitted to the State in writing within 10 calendar days after the Notice of Intent to Award the contract. The request shall clearly and fully set out the arrangement proposed and how such arrangements will fully comply with the contract requirements. If the request is denied by the State, required insurance from a third party carrier must be obtained and evidence of coverage submitted to the State as prescribed above within five calendar days of the denial.
- 3) The Contractor shall provide and maintain, and shall require its subcontractors to provide and maintain, the following insurance during the performance of this contract:
 - (a) Workers' Compensation insurance in accordance with the statutory requirements of the State where work will be performed.
 - (b) Comprehensive general and automobile liability insurance with minimum aggregate limits of \$1 million per occurrence for bodily injury and property damage. Such coverage must apply to all locations where any work pertaining to this contract is performed.
 - (c) The State of California must be named as an additional insured party on the policy of insurance, with the exception of the Workers' Compensation insurance.

- 4) The State will not be responsible for any premiums or assessments on the policy or policies. The State may, at its sole discretion, pay one or more premiums, if it decides that to do so would be in the best interest of the State. Should the State exercise this option to pay any premiums, it shall be fully reimbursed by the Contractor by an offset against future payments owed to the Contractor.
- 5) The Certificate of Insurance must include the following provisions stating that:
 - (a) The insurer will not cancel the insuree's coverage without 30 calendar days' prior written notice to the State.
 - (b) The State of California, its officers, agents, and employees are included as additional insurees, but only insofar as the operations under this contract are concerned.
 - (c) The State will be notified of any failure by the Contractor to pay premiums or any other change in the status of the scope of the required coverage within five calendar days of such failure.
- 6) Contractor agrees that the above insurance shall be in effect at all times during the life of this contract. In the event said insurance coverage expires at any time or times during the term of this contract, the Contractor agrees to provide, at least 30 calendar days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the contract, or for a period of not less than one year, whichever is longer. New Certificates of Insurance are subject to the prior written approval of the State. In the event the Contractor fails to keep in effect at all times insurance coverage as herein provided, the State may, in addition to any other remedies it may have, terminate this contract.

b. BONDING

- 1) The fidelity bond or other security required by paragraph (3) below shall be in place by the contract effective date. Evidence of the bonding coverage shall also be submitted to the Contracting Officer before the contract effective date.
- 2) If required bonding is not provided to the Contractor by a third party carrier, the State must approve, in writing, any other equivalent arrangements made by the Contractor prior to their use under this contract. The initial request to secure required bonding from other than an authorized third party carrier shall be submitted to the State in writing by the contract effective date. The request shall clearly and fully set out the arrangements proposed and how such arrangements will fully comply with contract requirements. If this request is denied by the State, required bonding from a third party carrier shall be obtained within 15 calendar days from the denial.
- 3) A fidelity bond or other security shall be maintained by the Contractor and subcontractors for at least an amount equal to the minimum fidelity bond required in Title 10, CCR, Section 1300.76.3, per loss covering every employee except those classifications of employees as the State may allow to be exempted. The fidelity bond or other security must be maintained by the Contractor and subcontractors for the life of this contract and in a form satisfactory to the State, and must include the following conditions:

- a) The State of California shall be named as joint obligee/beneficiary of the Contractor's bond. The Contractor's bond shall provide that the insurer or bonding company shall pay losses suffered by the State directly to the State;
- b) The State will receive 30-calendar days prior written notice of any intent to cancel or to make any other material change in the status, coverage or scope of the required bond or of the Contractor's failure to pay premiums; and
- c) The State will not be responsible for any premiums or assessments on the bond, unless, at its sole option, it decides to pay one or more premiums. Should the State exercise this option, it shall be fully reimbursed by the Contractor by an offset against future payments owed to the Contractor.

4. GUARANTY PROVISIONS

If the Contractor is a subsidiary of a corporation or other legal entity, the full and prompt performance of all covenants, terms and conditions, and agreements from this RFP for the term of the contract shall be guaranteed by that entity in the Contractor's chain of ownership. This entity shall be known as the Contractor's parent corporation for the purposes of this contract. The Contractor shall submit guaranty provisions to DHS, which meet, at a minimum, the following requirements:

- a. Be made to the State of California within two weeks after the contract effective date.
- b. Be signed by an official authorized to bind the guarantor organization.
- c. Accept unconditional responsibility for all performance and financial requirements and obligations of the Contractor including, but not limited to, maintenance of tangible net equity and payment of liquidated damages.
- d. State verbatim that "for good and valuable consideration, receipt of which is hereby acknowledged," the guarantor is making the guaranty.
- e. Express that the guarantor understands that if the contract is ultimately awarded to the subsidiary, the award is based, in part, on the parent corporation's guaranty.
- f. Contain a signed statement by the undersigned corporate officer verifying:
 - 1) That he or she has personally reviewed all pertinent corporate documents, including but not limited to articles of incorporation, bylaws, and agreements between the parent and subsidiary; and
 - 2) That nothing in these documents in any way limits the capacity of the Parent Corporation to enter into the instant contract of guaranty.

i. Include the following provisions:

- 1) The State need not take any action against the Contractor, any other guarantor, or any other person, firm or corporation or resort to any security held by it at any time before proceeding against the Guarantor; and
- 2) The Guarantor hereby waives any and all notices and demands which may be required to be given by any other statute or rule of law and agrees that its liability hereunder shall be in no way affected, diminished, or released by any extension of time, forbearance, or waiver which may be granted to the Contractor, its successor or assignee, and that this guaranty shall extend to and include all future amendments, modifications, and extensions of the contract and all future supplemental and other agreements with respect to matters covered by the contract which the State and the Contractor may enter into, with or without notice to or knowledge of Guarantor, but Guarantor shall have the benefit of any such extension, forbearance, waiver, amendment, modification, or supplemental or other agreement; it being the purpose and intent of the parties hereto that the obligations of Guarantor hereunder shall be coextensive with, but not in excess of, the obligations of the Contractor, its successor or assignee, under the contract;
- 3) Be presented in terms which the State, in its discretion, determines shall, as a whole, adequately establish the Contractor's financial responsibility; and
- 4) Include the following provision, "Guarantor agrees that the guaranty shall continue in full force and effect despite any change in the legal or corporate status of the subsidiary including but not limited to its sale, reorganization, dissolution or bankruptcy."

5. FINANCIAL PROVISIONS

The Medi-Cal/OHCIR Contractor must maintain sufficient financial resources to carry out its obligations and meet all the contractual requirements and responsibilities listed herein.

6. STATE'S RIGHT TO EQUITABLE ADJUSTMENT

Whenever the State is to obtain services, goods, equipment, facilities or capabilities from the Contractor under this contract, the cost for which is included in the cost proposal, and the Contractor fails to perform or provide the services, goods, equipment, facilities, or capabilities, or substitutes other services, goods, equipment, facilities, or capabilities, which are not fully equal to those required under this contract, and which are not acceptable to the State, the State shall require the Contractor to correct its performance within a period of 30 calendar days or be subject to Liquidated Damages.

7. CONFLICT OF INTEREST, INCOMPATIBLE ACTIVITY OF CONTRACTOR AND EMPLOYEES

The Contractor shall submit, for State review and approval, a "Conflict of Interest Disclosure Statement" which fully describes any direct or indirect interest the Contractor, any parent corporation, or any subcontractor has in any provider of Medi-Cal services (as defined in Title 22, CCR, Section 51051), health insurance carrier, health care plan, or in

any billing agent(s) for Medi-Cal services, together with the name and position description of the Contractor, any parent corporation, or subcontractor employee, director, consultant, or officer about whom the disclosure is being made.

- a. The Conflict of Interest Disclosure Statement shall be submitted:
 - 1) Two weeks after the effective date of the contract;
 - 2) As an update seven months after the contract effective date;
 - 3) As a yearly update thereafter; and
 - 4) Any time a change occurs which affects the previously submitted and approved statement. If such change occurs, a new statement, together with a Conflict of Interest Avoidance Plan, shall be sent to the Contracting Officer for prior review and approval within 14 calendar days of the change.
- b. At a minimum, the Contractor's Disclosure Statement shall disclose the name and address of any and all providers or billing agent(s) for Medi-Cal services in which:
 - 1) The Contractor, or any parent corporation, or any subcontractor, or any of the Contractor's, or any parent corporation's or any subcontractor's employees, directors, consultants, or officers had a direct or indirect interest of more than \$1,000;
 - 2) The Contractor, or any parent corporation, or any subcontractor, or any of the Contractor's, or any parent corporation's or any subcontractor's employees, directors, consultants, or officers assigned to this contract is a director, officer, partner, trustee, employee, or holder of a management position, or is self-employed;
 - 3) The Contractor, or any parent corporation, or any subcontractor, or any of the Contractor's, or any parent corporation's, or any subcontractor's employees, directors, consultants, or officers assigned to this contract, has derived more than \$250 in direct or indirect income within the twelve months immediately prior to the submittal of a proposal.

In order to assure compliance with Government Code, Section 19990, the Contractor shall disclose the name of any proposed subcontractor, consultant, officer, director, or employee who was employed by the State of California in the Department, the Governor's Office, Health and Welfare Agency, State Controller's Office, Office of the Attorney General, and/or the Legislature from 1995 to the present.

If a real or apparent conflict exists, the Contractor shall, together with the disclosure and at the time of that document's submittal, submit a Conflict of Interest Avoidance Plan and procedures to hold separate such relationships and/or to safeguard against conflict. If the Contractor has nothing to disclose under this Section, it shall so certify in the Disclosure Statement.

The Contractor's Representative, or his/her designee, shall certify under penalty of perjury that such reports and updates to such reports are accurate, complete and current to the best of that individual's knowledge and belief, unless the requirement is expressly waived by the Contracting Officer in writing.

- c. The Contractor shall submit a Conflict of Interest Avoidance Plan, with the required Disclosure Statement, to safeguard against conflict of interests. This plan shall include procedures to:
- 1) Guard against conflict of interest;
 - 2) Hold separate any disclosed relationships or any potential conflict of interest relationships that could arise during the life of the contract, including, but not limited to, such problematic matters as financial interactions, reporting, sharing of office space, staff interactions, or Contractor fulfillment of contract responsibilities; and
 - 3) Ensure that the Contractor shall discharge its responsibilities and duties with disinterested skill, zeal, and diligence, and that no Contractor's, parent corporation's, or subcontractor's employee, officer, director, or consultant will be in a position to exploit that position for private benefit or for other Contractor, or parent corporation or subcontractor interests which are or may be in conflict with Departmental or State interests.

The State intends to avoid any real or apparent conflicts of interest on the part of the Contractor. Hence, the State reserves the right to, in its sole discretion, determine whether any information received from any source indicates the existence of a real or apparent conflict of interest and to require the Contractor to submit a Conflict of Interest Avoidance Plan for solving the conflict problem subject to prior State review and approval. While it is desirable that the Contractor not have any contractual or financial relationships with providers, such relationships may be permissible so long as prompt, full disclosure is made and adequate protective Conflict of Interest Avoidance Plans and procedures are developed, reviewed and accepted by the State.

For purposes of this contract, indirect interest and indirect income shall be defined as any interest owned or income received by the spouse, parent(s), or dependents of the persons covered by the disclosure provisions of the Contractor Responsibilities – General Section.

8. RECORD KEEPING

The Contractor shall maintain such books and records as are necessary to disclose how the Contractor discharged its obligations under this contract. These books and records shall disclose the number of beneficiaries with health coverage identified and recovered upon, the manner and amount of payment received for those recoveries, a listing of Medi-Cal beneficiaries' identified with health coverage entitlements, and the manner in which the Contractor administers its daily business, and the cost thereof.

9. BOOKS AND RECORDS

Such books and records shall include, but are not limited to, all physical records originated or prepared pursuant to the performance under this contract including working papers, reports submitted to the State, financial records, all paid claims data and other documentation pertaining to the medical and non-medical services rendered to Medi-Cal beneficiaries.

10. RECORDS RETENTION

These books and records shall be maintained by the Contractor for five years after the termination date of this contract; or, in the event the Contractor has been duly notified that DHS, the federal Department of Health and Human Services, the Controller General of the United States, the State Auditor, or their duly authorized representatives, have commenced an audit or investigation of the contract, the books and records shall be maintained six years from date of such notification, or until such time as the matter under audit or investigation has been resolved, whichever is later.

11. FUNDING

Any requirement of performance by the State and the Contractor for the period of the contract subsequent to May 31, 2003 shall be dependent upon the availability of future appropriations by the Legislature for the purposes of this contract. If funds become available for purposes of this contract from future appropriations by the Legislature, the maximum amount payable under this contract for the remaining fiscal years of this contract shall not exceed the original cost proposal fixed percentage rate.

12. WAIVERS

All conditions, covenants, duties and obligations contained in the contract can be waived only by written agreement subject to written approval by the State. Forbearance or indulgence in any form or manner by a party shall not be construed as a waiver, nor in any way limit the legal or equitable remedies available to that party.

13. CHANGE REQUIREMENTS

a. GENERAL PROVISIONS

During the life of this contract, the Medi-Cal/OHCIR project will be a dynamic program that may require numerous changes to its operations. The development and operation of a system which has the capability to implement such changes in an orderly and timely manner is of considerable importance.

The State recognizes that the scope and complexity of changes will vary widely over the life of the contract. The State requires adequate assurance that a given change will be correctly implemented and departmental approval of contract amendments and related monitoring efforts will reflect this policy.

b. CONTRACTOR'S OBLIGATION TO IMPLEMENT

The Contractor shall be required to make changes mandated by the State. In the case of mandated changes in policy, regulations, statutes, or judicial interpretation, the State may direct the Contractor to immediately begin implementation of any change by issuing a Change Order. If the State issues a Change Order, the Contractor shall be obligated to implement the required changes while discussions relevant to any cost proposal adjustment, if applicable, are taking place.

The State may at any time, within the general scope of the contract, utilize a formal process to notify the Contractor, in an ongoing and timely manner, of changes to be made to the Medi-Cal/OHCIR project requirements.

14. CONTRACT AMENDMENTS

Should either party during the life of this contract desire a change in this contract, that change shall be proposed in writing to the other party.

The other party will acknowledge receipt of the proposal for contract amendment within 10 state workdays of receipt of the proposal. Any proposal shall set forth a detailed explanation of the reason and basis for the proposed change, a complete statement of cost and benefits of the proposed change and the text of the desired amendment to this contract which would provide for the change. The party proposing any such change shall have the right to withdraw the proposal any time prior to acceptance or rejection by the other party.

If the proposal is accepted, this contract shall be amended to provide for the change mutually agreed to by the parties on the condition that the amendment is approved by Department of Health Services, the federal Department of Health and Human Services, Department of Finance, and Department of General Services, if necessary.

15. LIMITATIONS ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL ACTIONS AND RELATED DISCLOSURE

"Limitations on Payments to Influence Certain Federal Actions and Related Disclosures," is incorporated herein and made a part hereof by this reference. Contractor agrees to comply with the requirements of Title 31, United States Code, Section 1352, entitled, "Limitation on the use of appropriated funds to influence certain federal contracting and financial transactions." [See also 55 Fed Reg 6736 (2/26/90) and 55 Fed Reg. 24540 (6/15/90)].

16. INSPECTION RIGHTS

The Contractor shall allow the State Department of Health Services, the Federal Department of Health and Human Services, the Controller General of the United States, the State Auditor, and other authorized federal and state agencies, or their duly authorized representatives, to inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed under the contracts; and to inspect, evaluate, and audit any and all books, records, and facilities maintained by the Contractor and any subcontractors, pertaining to such services, at any time during normal business hours

without prior notice. Books and records include, but are not limited to, all physical records originated or prepared pursuant to the performance under this RFP, including working papers, reports, financial records and books of account files, subcontracts, sub-subcontracts, and any other documentation pertaining to medical, pharmacy, long term care, and non-medical services to Medi-Cal beneficiaries. Upon written request, at any time during the term of this contract, the Contractor shall furnish any such record, or copy thereof, to the State or the Department of Health and Human Services within 30 calendar days.

17 FULFILLMENT OF OBLIGATIONS

No covenant, condition, duty, obligation, or undertaking continued or made a part of this contract shall be waived except by written agreement of the parties hereto, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation or undertaking to be kept, performed or discharged by the party to which the same may apply; and, until performance or satisfaction of all covenants, conditions, duties, obligations, and undertakings is complete, the other party shall have the right to invoke any remedy available under this RFP, contract, or under law, notwithstanding such forbearance or indulgence.

18 CONTRACT COMMUNICATION

Any notice under the contract shall be in writing and sent by registered or certified mail, return receipt requested, or shall be delivered in hand and a receipt given by the recipient, and shall be effective upon receipt by the contracting Officer or by the Contractor.

All Contractor reports shall be in writing or via such other media as may be prior approved by the Contracting Officer. The Contractor and DHS shall respond to each other in a reasonable time period.

The Contracting Officer will designate the number of report users who are to be provided with copies of reports under this section.

19. CONTRACT EXTENSION

The State shall retain the exclusive right to exercise the option to extend the term of the contract during the last 12 months of the contract, as determined by the original end date or by a new end date if an extension has been exercised. The State may invoke up to two separate extensions of one year each. The Contractor shall be given at least 90 calendar days' prior written notice should the State choose to exercise this option and extend the contract. Term extensions are subject to funding availability, acceptable Contractor performance, and the Contractor's willingness to maintain existing recovery rates.

Contractor's Release

Instructions to Contractor:

With final invoice(s) submit one (1) original and two (2) copies. The original must bear the original signature of a person authorized to bind the Contractor. The additional copies may bear photocopied signatures.

Submission of Final Invoice

Pursuant to contract number _____ entered into between the State of California Department of Health Services (DHS) and the Contractor (identified below), the Contractor does acknowledge that final payment has been requested via invoice number(s) _____, in the amount(s) of \$ _____ and dated _____. If necessary, enter "See Attached" in the appropriate blocks and attach a list of invoice numbers, dollar amounts and invoice dates.

Release of all Obligations

By signing this form, and upon receipt of the amount specified in the invoice number(s) referenced above, the Contractor does hereby release and discharge the State, its officers, agents and employees of and from any and all liabilities, obligations, claims, and demands whatsoever arising from the above referenced contract.

Repayments Due to Audit Exceptions / Record Retention

By signing this form, Contractor acknowledges that expenses authorized for reimbursement does not guarantee final allowability of said expenses. Contractor agrees that the amount of any sustained audit exceptions resulting from any subsequent audit made after final payment, will be refunded to the State.

All expense and accounting records related to the above referenced contract must be maintained for audit purposes for no less than three years beyond the date of final payment, unless a longer term is stated in said contract.

Recycled Product Use Certification

By signing this form, Contractor certifies under penalty of perjury that a percentage (0% to 100%) of the materials, goods, supplies or products offered or used in the performance of the above referenced contract meets or exceeds the minimum percentage of recycled material, as defined in Public Contract Code Sections 12161 and 12200.

Reminder to Return State Equipment/Property (If Applicable)

(Applies only if equipment was provided by DHS or purchased with or reimbursed by contract funds)

Unless DHS has approved the continued use and possession of State equipment (as defined in the above referenced contract) for use in connection with another DHS agreement, Contractor agrees to promptly initiate arrangements to account for and return said equipment to DHS, at DHS's expense, if said equipment has not passed its useful life expectancy as defined in the above referenced contract.

Patents / Other Issues

By signing this form, Contractor further agrees, in connection with patent matters and with any claims that are not specifically released as set forth above, that it will comply with all of the provisions contained in the above referenced contract, including, but not limited to, those provisions relating to notification to the State and related to the defense or prosecution of litigation.

Contractor's Legal Name (As on contract): _____

Signature of Contractor or Official Designee: _____

Date: _____

Printed Name/Title of Person Signing: _____

DHS Distribution: Accounting (Original) Program CMU contract file

EXHIBIT G

Page 1 of 2

ATTESTATION OF UNDERSTANDING/AGREEMENT FORM

This form shall be completed and submitted with the Proposer's Technical Proposal.

Each Section of the RFP, which is designated below, shall be addressed. The Proposer shall attest that it has read, does acknowledge, understand, and agree to meet all RFP requirements specified therein by signing/initialing each separate designated section.

The first attestation shall be signed by an individual legally empowered to bind the Proposer, giving their signature block, including title, and signature. This same individual thereafter shall initial each and every attestation.

Failure to comply with the above requirements and the requirements listed in Section L, shall result in the failure of this portion of the evaluation and rejection of the Proposer's Technical Proposal.

RFP CITE

PROPOSER SIGNATURE AND/OR INITIALS

Section I. Proposal Format and Content
Requirement

Section J. Proposal Submission

Section K. Evaluation and Selection

Section L. Technical Proposal Rating Factors

Section M. Cost Proposal Rating Factors

Section N. Bid Requirements and Information

Exhibit A

Exhibit B

Exhibit C

Exhibit D (F)

Exhibit E

Exhibit G through I

DATE: _____

EXHIBIT G

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ATTESTATION OF UNDERSTANDING/AGREEMENT FORM RE-ATTESTATION FORM

Every time an RFP Addendum revises the RFP language, the Proposer shall complete and submit to the Office of Medi-Cal Procurement address, the following Re-attestation Form within five (5) working days of receipt of the Addendum.

By their initials affixed hereto, the individual who is legally empowered to bind the Proposer and who originally signed the Attestation of Understanding/Agreement Form, Exhibit H, Page 1, affirms and represents that previous attestations remain unchanged and in full force and effect, notwithstanding any revisions to the RFP made by this Addendum, Number _____.

Proposer's Initials: _____

Date: _____

EXHIBIT H

GLOSSARY OF TERMS

As used in this document, unless otherwise defined or the context otherwise requires, the following definitions of terms will govern the construction of this document.

ACCOUNTS RECEIVABLE (A/R)	Outstanding balances owed to the Department of Health Services by insurance carriers or other third party administrators.
ACCOUNTS RECEIVABLE FILE	A file containing detailed record of claims billed and re-billed to insurance carriers by the Department through its fiscal intermediary for services already paid for by Medi-Cal.
ACCURACY	The quality or state of being exact or precise: free from making mistakes or errors.
ADDENDUM	An addition or change made to the RFP before the contract is signed into effect. The contract may include addenda added to the RFP.
ADMINISTRATIVE BULLETIN	Bulletins released to all potential Proposers who have submitted Letters of Interest or entities that have requested to be placed on the RFP permanent mailing list that may include RFP addenda or additional information or data.
AFFILIATE	An organization or person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under control with the Contractor and that provides service to or receives services from the Contractor.
AID CODE	An alpha-numeric code that is the third and fourth digits of the Medi-Cal Identification (ID) Number that denotes the type of State or federal financial assistance a Medi-Cal beneficiary is receiving. These numbers are used consistently throughout California.
ALLOWABLE COST	Medi-Cal reimbursement rates to providers for services, as defined by regulation in the Schedule of Maximum Allowance (SMA).

ALLOWABLE EXPENSE	The amount of the reasonable and customary medical expenses, at least a portion of which is covered under at least one of the multiple health insurance plans insuring the person for whom the claim is made.
ATTACHMENTS	Exhibits and special or unique materials relating to the requirements attached to the contract and incorporated by reference.
ATTESTATION OF UNDERSTANDING/ AGREEMENT	A Contractor's formal declaration of understanding of the terms, conditions, and requirements of the RFP and agreement to meet them.
ATTORNEY GENERAL	The name commonly used to refer to the deputies within the Office of the Attorney General, State of California.
AUDITS AND INVESTIGATIONS	The division within the Department of Health Services responsible for conducting audits relating to the Medi-Cal program.
BENEFICIARY	A person who is determined eligible for the Medi-Cal Program.
BID	A potential Contractor's reply to solicitation to provide services that represents what the Contractor would charge to provide those services.
BIDDER	An individual, sole proprietorship, firm, partnership, corporation, or any other business venture that responds to a RFP by submitting a bid to the contracting agency. Synonymous with Proposer.
BIDDER'S CONFERENCE	A planned, formally conducted meeting held after the release of a RFP. The purpose is to clarify either or both the Technical Proposal and Cost Proposal documents and to respond to questions from bidders.
CARRIER	An insurance company or agency that processes, and/or pays health insurance claims on behalf of a policyholder or other insured.
CARRIER CODE	A four-digit code (one alpha followed by three numeric) that is assigned by the Department to denote health insurance carriers billable for Medi-Cal paid services provided to their insured. Same as carrier identification (ID).

CARRIER MASTER FILE (CMF)	An on-line database, that contains the address information of health insurance carriers or plans that are potentially liable for services provided to a Medi-Cal recipient.
CASH RECEIPT/CASH IDENTIFICATION NUMBER (CID)	A number assigned by the Department to a check and the attached supporting documentation at the time of receipt.
CHARGES	Prices assigned by the provider to a unit of medical service. Charges under different conditions may be construed as actual, allowable, customary, prevailing, reasonable and/or usual, depending on the reimbursement situation involved. Charge is to be distinguished from the actual cost of providing services and from the amount allowed by Medi-Cal.
CLAIM DETAIL REPORT (CDR)	Report generated by the State's Medi-Cal fiscal intermediary that contains paid claims history for a specific beneficiary for the past 1-36 calendar months.
CLAIM TYPE	Classification of a claim for billing purposes by origin or type of service provided to a beneficiary.
CONTRACT EFFECTIVE DATE	The date upon which the terms of the contract goes into effect. This date is specified in the contract on the standard contract form.
CONTRACT NUMBER	The seven-digit number assigned to the RFP and contract for tracking purposes. The contract number must be accompanying all communications with the State regarding the proposal or contract.
CONTRACT REQUIREMENT/ DELIVERABLE	Any service, deliverable, product or other duty that the Contractor is required to provide or perform under the terms of the contract.
CONTRACT TERM	Used to identify the starting and ending date of the contract and/or the time allowed for the performance and completion of the contract.
CONTRACT	A legally binding agreement between the State and another entity, public or private, for the provision of goods or services.
CONTRACTING OFFICER	Responsible party within the State who has authority to enter into a contract with the successful Medi-Cal OHCIR Proposer and is responsible for the overall management of the contract.

CONTRACTOR	The individual, company, public entity or organization that has been awarded a contract; specifically, the organization that has been awarded the Medi-Cal OHCIR project contract.
CONTRACTOR COST	The actual cost of expenses incurred by the Contractor to perform any task as part of this contract.
CONTRACTOR'S REPRESENTATIVE	The Contractor's Official responsible for managing the Contractor's operation. The Contractor's Representative has full authority to contractually bind, obligate, and/or secure on behalf of the Contractor.
COST AVOIDANCE	Measures taken to assure that Medi-Cal is the payor of last resort.
COST PROPOSAL	A sealed, written, dollar or price estimate offered in response to a formal or informal request for bid. The Proposer's official price bid for the contract.
DATA AND INFORMATION LIBRARY	Library established specifically for the Medi-Cal/PHCIR project containing program-related information to assist Contractors in developing technical and cost proposals.
DATA	Facts, or a collection of facts, used to make a judgment.
DEFICIENCY	Refers to Contractor's submitted information lacking in substance or clarity.
DEPARTMENT	Refers to the State of California Department of Health Services.
DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)	The federal agency responsible for the management of the Medicaid Program.
DEPARTMENT OF HEALTH SERVICES (DHS)	The single State agency responsible for administration of the Medi-Cal, Medi-Cal Managed Care, County Medical Services, California Children Services, and other related programs in California.
DIRECTOR	Refers to the Director of the Department of Health Services.

FEE-FOR-SERVICE (FFS)	A method of charging based upon billing for a specific number of service units rendered to an eligible beneficiary. Fee-for-Service is the traditional method for reimbursement used by providers. Payment almost always occurs retroactively (i.e., after the service has been rendered).
FISCAL YEAR	Any twelve month period for which annual accounts are kept. The State fiscal year is July 1 through June 30.
HEALTH INSURANCE PAYMENT DEMAND (HIPD)	An automated billing claim generated by the Department's fiscal intermediary to liable health insurance carriers for repayment of monies paid by the Medi-Cal Program for services provided to their insured. Claims are generated monthly in HCFA 1500 or UB 92 formats.
HEALTH INSURANCE SYSTEM (HIS)	An on-line database which contains all health insurance information known to the Department for a given Medi-Cal beneficiary.
HEALTH MAINTENANCE ORGANIZATION (HMO)	This term is specifically defined in the Health Maintenance Act of 1973 (Public Law 93-222). It is a legal entity or organized system of health care that provides directly or arranges for a comprehensive range of basic and supplemental health care services to a voluntarily enrolled population in a geographic area on a primarily prepaid and fixed period basis. The term is sometimes used loosely to denote any organized prepaid system; however, there are formal federal qualification procedures for official HMOs.
HIPAA	The Health Insurance Portability and Accountability Act of 1996 (HIPAA) Pub. L. 103-191, which was enacted August 21, 1996. HIPPA amended the Public Health Service Act of 1974 (ERISA), and the Internal Revenue Code of 1986, (Code) to provide for, among other things, improved continuity (also called "portability") and availability with respect to group health plan coverage and group health insurance provided in connection with employment, and insurance coverage in the individual insurance market (not connected with employment).

HIPAA COMPLIANT	Consistent with the State DHS level of compliance with the requirements of HIPAA.
LETTER OF INTEREST	A letter sent to the State by a potential Proposer expressing interest in submitting a technical and cost proposal. The letter identifies the prime Contractor, address, liaison person(s) and any other proposed contractor/subcontractor(s).
MANAGED CARE	A planned, comprehensive approach to health care that combines medical services and administrative procedures within a coordinated system constructed to provide cost-effective and timely access to primary health care.
MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS)	A set of federally developed guidelines and requirements for development and operation of Medicaid claim processing and information systems.
MEDI-CAL	In California, the Title XIX Federal Medical Assistance Program (Medicaid) intended to provide federal and state financial assistance for medical and health care of needy persons meeting program eligibility standards.
MEDI-CAL ELIGIBILITY DATA SYSTEM (MEDS)	The automated eligibility information processing system operated by the Department which provides on-line access to counties for recipient information, update of recipient eligibility data and on-line printing of immediate need Medi-Cal cards. The MEDS maintains data on federal SSI/SSP, Medi-Cal, and Medicare Buy-In beneficiaries.
MEDI-CAL MANAGED CARE PLANS	A health delivery system contracting with the State to enroll Medi-Cal beneficiaries under Chapter 7 or Chapter 8 of Division 9, Part 3, of the California Welfare and Institutions Code.
MEDI-CAL PAID CLAIMS FILE	A file containing detailed record of all Medi-Cal claims paid by the fiscal intermediary.
MEDICARE	The Federally financed program under Title XVIII of the Social Security Act, providing health insurance primarily to the aged, 65 and over. It also covers those eligible for Social Security Disability payments and for certain individuals who need kidney dialysis or transplantation.

**OFFICE OF
MEDI-CAL
PROCUREMENT
(OMCP)**

The office responsible for all DHS Medi-Cal related procurements.

**OTHER HEALTH
COVERAGE (OHC)**

Any health or dental benefits or entitlements to which a Medi-Cal beneficiary is eligible under a private individual or group health plan, an indemnification insurance program, or any federal medical care program - such as a Medicare fee-for-service or Medicare HMO, or under a contractual/legal entitlement.

**PAY AND CHASE
ACTIVITIES**

A process to recover monies paid by Medi-Cal for services rendered to a Medi-Cal beneficiary when the beneficiary was covered by a liable third party. Pay and Chase activities are used when cost avoidance is federally excluded (e.g., preventive pediatric services).

**POSTPAYMENT
RECOVERY
ACTIVITIES**

A process to recover monies paid by Medi-Cal for a Medi-Cal beneficiary when the beneficiary was covered for the service by a liable third party. Post payment recovery activities are used to recover the cost of services provided to persons who have been retroactively identified as having other health coverage.

**PREFERRED
PROVIDER
ORGANIZATION
(PPO)**

A arrangement whereby a third party payer contracts with a group of medical care providers who furnish services at lower than usual fees in return for prompt payment and a certain volume of patients.

**PREPAID HEALTH
PLAN (PHP)**

An organized system of health care guaranteeing to provide one or more medical services to a voluntarily enrolled group for a fixed prepaid period payment, including services to Medi-Cal beneficiaries on a prepaid basis.

PROPOSAL

A Proposer's sealed written two-part response to the RFP that includes both a technical and a cost proposal.

PROPOSER

An individual, sole proprietorship, firm, partnership, corporation, or any other business venture that responds to a RFP by submitting a bid to the contracting agency. Synonymous with Bidder.

PROPRIETARY	Ownership such as held under patent, trademark, or copyright. The term can include information (contract data) which is unique to a company and which, in the hands of a competitor, would be detrimental to the company.
PROVIDER	An individual, group, or institution licensed to provide medical care.
REQUEST FOR PROPOSAL (RFP)	The solicitation document that describes the terms and conditions, qualification requirements, performance specifications, time frames, and other requirements and asks bidders to describe how they would accomplish the services and at what price.
RFP SECTION	This refers to all subordinate portions of each RFP Chapter beginning with the same whole number.
SCOPE OF WORK	Work activities, actions to be performed, deliverables to be supplied, methods and approaches to be used, and expected objectives and outcomes to be achieved under a contractual agreement.
START-UP PHASE	The first six months following the contract effective date during which time the Contractor is responsible for ensuring readiness to perform the contract requirements.
SUBCONTRACT	A formal agreement entered into by the Contractor with any individual/entity that agrees to perform any administrative/technical function or service for the Contractor specifically related to fulfilling the Contractor's obligation to the Department under the terms of this RFP.
SUBCONTRACTOR	Any individual/entity retained by the Contractor (with prior written approval from the State) to perform functions or services under the terms of this RFP.
TECHNICAL PROPOSAL	A Proposer's presentation of activities and/or actions, including recommended approaches or methods, to meet a service need outlined within the RFP and submitted in response to the RFP issued by the State.
THIRD PARTY LIABILITY (TPL)	The responsibility of an individual or entity, other than the Medi-Cal program, for the payment of all or a part of medical costs incurred due to an illness, injury, trauma disease, or disability sustained by a Medi-Cal beneficiary.

TITLE XVIII	That portion of the Social Security Act that authorizes the Medicare program.
TITLE XIX	That portion of the Social Security Act that authorizes the Medicaid program.
TITLE 22	Title 22, Division 3, California Code of Regulations contains the rules and regulations governing the Medi-Cal program. These regulations define and clarify the provisions of State statute, primarily the Welfare and Institutions Code.
TURNOVER	A RFP term associated with the transfer of contract responsibilities and program related data/information upon contract expiration and/or termination.
WELFARE AND INSTITUTIONS CODE	The California code of law that includes the Medi-Cal Act.